

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



A brief summary of financial proposals filed with and actions by the S.E.C.

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FOR RELEASE March 6, 1961

Statistical Release No. 1736. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended March 3, 1961, for the composite and by major industry groups compared with the preceding week and with the high and lows for 1960 - 1961 is as follows:

	1957-59 = 100		Percent Change	1960 - 1961	
	3/3/61	2/24/61		High	Low
Composite	129.1*	126.7	+1.9	129.1	107.7
Manufacturing	123.3*	120.4	+2.4	123.3	103.6
Durable Goods	127.0	123.0	+3.3	129.5	107.7
Non-Durable Goods	119.9*	118.0	+1.6	119.9	99.5
Transportation	103.2	103.5	-0.3	108.3	87.1
Utility	158.6*	157.7	+0.6	158.6	118.4
Trade, Finance & Service	144.9*	143.0	+1.3	144.9	120.5
Mining	88.0	88.2	-0.2	89.7	67.0

\*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended March 2, 1961, 46 registration statements were filed, 32 became effective, 5 were withdrawn, and 336 were pending at the week end.

BAL-TEX OIL OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Bal-Tex Oil Company, Inc., of 1150 First National Bank Building, Denver.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed December 22, 1960, Bal-Tex proposed the public offering of 300,000 Class A common shares at \$1 per share pursuant to such an exemption. The Commission's suspension order asserts that certain terms and conditions of Regulation A were not complied with by Bal-Tex; that its offering circular is false and misleading by reason of its failure to disclose certain material facts; and that the stock offering would violate the anti-fraud provisions of the law. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The alleged misrepresentations relate to the failure of the Bal-Tex offering circular (1) to disclose the affiliation existing between Bal-Tex and its underwriter, Equity General Investment Corp. and the latter's attorney; (2) to itemize properly the purposes for which the net cash proceeds of the stock sale are to be used; (3) to include pertinent information showing the results of development work to date on or near the Bal-Tex property; and (4) to include appropriate financial statements of Bal-Tex. According to the Commission's order, the notification also failed to disclose (a) the affiliation of Bal-Tex with the underwriter and with Modern Furniture, Inc., and (b) required information concerning additional offerings of securities by Modern Furniture; and the notification also failed to provide appropriate and accurate response to or to comply with certain items of the form. Moreover, the order asserted, the stock offering exceeds the \$300,000 limitation under Regulation A when computed in accordance therewith, and a Regulation A exemption is not available to Bal-Tex because of a prior suspension order involving a stock offering by Modern Furniture and because Equity General Investment was the underwriter for that suspended offering.

RED LANE CALCAREOUS SINTER SUSPENSION VACATED. The Commission has vacated its order of April 1959 temporarily suspending a Regulation A exemption with respect to a public offering of 150,000 shares of common stock at 10¢ per share by Red Lane Calcareous Sinter Co., Inc., of Thermopolis, Wyoming. The suspension order was based on the company's failure to comply with Regulation A by reason of the company's failure to file the required report of stock sales pursuant to the exemption. Subsequently, such a report was filed which complies with the requirements of the rule; and the Commission concluded that it was appropriate in the public interest to lift the suspension order.

EARL ALBERT HOLTHAM REGISTRATION REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-6484) revoking the broker-dealer registration of Earl Albert Holtham, 1024 J St., Modesto, Calif., for failure to file a report of financial condition for 1959 and failure to make and keep current certain books and records as required by rules of the Commission. Holtham did not appear at the Commission's hearing. Notice of the proceeding was mailed to the business address listed in his registration application, but was returned by the Post Office Department as undeliverable.

DIROMA ALEXIK & CO. REGISTRATION REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-6485) revoking the broker-dealer registration of DiRoma, Alexik & Co., 24 Vernon St., Springfield, Mass. The firm, of which Agostino DiRoma, Jr. and Edward F. Alexik are partners, waived a

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hearing and consented to the revocation order. The firm, DiRoma and Alexik admitted to being enjoined by two Federal court decrees (USDC, Mass.) from violating the net capital provisions of the law and the anti-fraud provisions of the Securities Act of 1933, and to the firm's failure to amend its registration application to reflect the entry of such injunctions.

**PLANT AND EQUIPMENT EXPENDITURES.** In a report released today the SEC and the Department of Commerce announced that businessmen plan to spend \$34 1/2 billion on new plant and equipment in 1961, a decline of 3 percent from last year. The survey also indicates that businessmen anticipate that the decline in investment, which began in the third quarter of 1960 will continue through the second quarter of this year, after seasonal allowances. Present plans for 1961 point to a mild increase in capital expenditures in the latter half of the year. Manufacturing and trade firms and the public utilities all expect to better their 1960 sales performances in 1961 varying from a 3 percent rise for manufacturers to 7 percent for the public utilities. For further details, see Release S-1737.

**FARMBEST INC. PROPOSES OFFERING.** Farmbest, Inc., Denison, Iowa., filed a registration statement (File 2-17672) with the SEC on March 2, 1961, seeking registration of 6,000 shares of common stock (\$1 par - Non-dividend bearing) and \$200,000 of Retain Capital Certificates (Nondividend bearing - fifteen years). It is proposed to offer the common stock at \$1 per share and the certificates at \$0.25 per unit. No underwriting is involved. The stock is to be sold only to producers of agricultural products and cooperative associations of such producers, so as to give them an ownership interest and membership in Farmbest, which is a cooperative marketing and purchasing association organized in June 1959 under the laws of Kansas by the Consumers Cooperative Association for the purpose of providing a cooperatively controlled marketing and processing program for farmers. In August 1959 Farmbest acquired Crawford County Packing Company, of Denison, Iowa; and after its merger into Farmbest the latter will begin to operate as a cooperative marketing and processing association in Iowa. Sale of stock will entitle purchasing swine producers to participate in election of directors and to share in any net margins refundable to patrons. The sale of retain capital certificates will be for the purpose of financing the addition of facilities for producing finished pork products for the retail market and other improvements.

**COASTAL CARIBBEAN OILS PROPOSES OFFERING.** Coastal Caribbean Oils, Inc., Panama City, Republic of Panama, filed a registration statement (File 2-17673) with the SEC on March 2, 1961, seeking registration of 500,000 voting trust certificates for a like amount of common capital stock, to be offered for public sale at the market from time to time on the American Stock Exchange. No underwriting is involved.

The company has interests in undeveloped properties in Florida acquired upon its creation in 1953 as a party to a reorganization involving the transfer of the Florida assets of Pancoastal Oil Corporation, C. A., to the company and of the Venezuelan assets of Pancoastal Petroleum Company, all being companies organized by the late William F. Buckley. It has no income-producing properties and substantial unrecovered costs and exploratory and administrative expenses. The Florida assets consist of the stock of Coastal Petroleum Company, a Florida corporation, together with certain advances made to that company and \$450,000 in cash, which were transferred to Coastal Caribbean Oils with the Venezuelan properties in consideration of 5,790,210 shares of Coastal Caribbean Oils stock. The latter now has outstanding 7,049,495 shares. The net proceeds of this stock offering, estimated at \$580,000, will be used largely by Coastal Petroleum for exploratory work and sustaining expenses of Florida properties.

**STRATTON CORP. PROPOSES DEBENTURE OFFERING.** The Stratton Corporation, South Londonderry, Vermont, filed a registration statement (File 2-17675) with the SEC on March 3, 1961, seeking registration of \$650,000 of 5% convertible subordinated debentures due December 1, 1981, to be offered for public sale at 100% of principal amount. The offering will be made on a best efforts basis through Cooley & Company, which will receive a 2 1/2% selling commission. The debentures are convertible into common stock at the conversion price of \$20 per share.

The company was organized under Vermont law in July 1960 by a group of 34 individuals for the purpose of developing and operating a winter and summer recreational resort on Stratton Mountain in southern Vermont. During the first two years, emphasis will be placed on the construction of winter facilities, particularly for skiing. The said 34 promoters, most of whom reside or have homes in the Stratton Mountain area, provided the company with land, capital and other assets with which to start the development of its business. Between August 1960 and January 1961 a total of 138,000 shares of common stock was issued to the members of this group and certain other individuals for \$360,000 in cash (on the basis of \$5 per share), for about 1,000 acres of land (and certain buildings thereon), and for promotional and other expenses. The net proceeds from the debenture sale will be used to defray expenditures incurred in carrying out that part of the company's development program designated as Phase II, which includes \$839,500 of construction expenditures. Phase II includes \$335,000 for the erection of three double chair lifts and \$220,000 to complete the base lodge and for equipping and furnishing a cafeteria. The company will borrow the balance of funds needed to finance Phase II from a bank.

The company has outstanding 138,006 shares of common stock, of which Herbert O. Smith, board chairman, owns 20,001 shares and Frank V. Snyder, president, 25,001 shares.

**AQUA-CHEM FILES FOR OFFERING AND SECONDARY.** Aqua-Chem, Inc., 225 North Grand Avenue, Waukesha, Wis., filed a registration statement (File 2-17676) with the SEC on March 3, 1961, seeking registration of 340,000 shares of common stock, of which 227,000 shares are to be offered for public sale by the company and 113,000 shares, being outstanding stock, by Cleaver-Brooks Company, its parent. The offering will be made on an all or none basis through underwriters headed by Carl M. Loeb, Rhoades & Co. and Loewi & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

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The company (formerly Cleaver-Brooks Special Products, Inc.) is engaged principally in the development, manufacture and sale of equipment of various types used for desalting and purifying sea and brackish water, converting it to a pure or potable state. This equipment has uses in the marine, municipal, military, off-shore drilling and pharmaceutical fields, and in the recovery of chemicals from industrial wastes. It is also engaged in research and development in the water conversion field. The net proceeds from the company's sale of additional stock will be added to general funds. About one-half thereof will be added to working capital and applied toward financing the company's business in the water conversion field, and the balance to increase research and development over the next several years.

The company has outstanding 800,000 shares of common stock, of which Cleaver-Brooks Company owns 779,346 shares (and proposes to sell 113,000 shares) and management officials as a group own 10,327 shares. John C. Cleaver is listed as board chairman of the company and board chairman and a majority stockholder of Cleaver-Brooks. Fred A. Loebel is listed as president.

VITAMIX PHARMACEUTICALS FILES FOR OFFERING. Vitamix Pharmaceuticals, Inc., 5051 Lancaster Ave., Philadelphia, Pa., filed a registration statement (File 2-17677) with the SEC on March 3, 1961, seeking registration of 100,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by Bache & Co. The public offering price and underwriting terms are to be supplied by amendment. The company has sold the principal underwriter, for \$1,000, five-year warrants to purchase 10,000 additional common shares (at a price to be supplied by amendment).

The company is the successor by merger to Lustgarten Laboratories, Inc., a Pennsylvania corporation organized December 12, 1950 and Vitamix Corporation, a Pennsylvania corporation organized July 2, 1956, as the successor to Vitamix Corporation, a New York corporation. In December, 1960, the company also acquired all of the assets of Wynn Pharmacal Corporation. The company compounds, manufactures, packages and sells ethical pharmaceuticals, proprietary (non-prescription) drugs and vitamin products to distributors, wholesale drug companies, private brand manufacturers, drug chains, retail drug stores and physicians throughout the United States, and to governmental agencies. Sales are promoted primarily through catalogues sent directly through the mail to prospective customers. The net proceeds from the stock sale will initially be added to working capital and will be available for general corporate purposes. The company anticipates that a portion of such proceeds will be used to finance an expansion of its sales organization and an increase in its product development activities.

In addition to certain indebtedness, the company has outstanding 335,059 shares of common stock, of which Paul G. Lustgarten, board chairman, owns 75,769 shares, Benjamin Lustgarten, president, 79,532 shares, Esther Lustgarten, treasurer, 45,411 shares, and management officials as a group 233,681 shares. Wynn Pharmacal Corp., received 60,090 shares of company stock in exchange for its assets and, upon its liquidation, about half of such shares will be owned by the Lustgartens and members of their families.

ADDITIONAL VIOLATIONS CHARGED TO ALLSTATE SECURITIES. The SEC has issued an amended order under the Securities Exchange Act of 1934 making additional charges of securities violations against Allstate Securities Inc., of 30 Wall Street, New York, N. Y.

In its order of January 18, 1961, the Commission authorized proceedings to determine whether Allstate Securities and its president, Vincent J. Sbarbati, had made false and misleading representations in the sale of stock of Dwain Records, Inc., during the period July 10, 1959 to July 7, 1960, which operated as a fraud and deceit upon the purchasers. A preliminary hearing has been held on the question whether the broker-dealer registration of Allstate Securities should be suspended pending decision upon the question of revocation, and the question of suspension is now before the Commission for decision.

The further order of the Commission charges additional misrepresentations in the offer and sale of Dwain Records stock, with respect to the management of that company and the market price and future price of its stock; and it also asserts that Allstate Securities induced the purchase of Dwain Records stock without disclosing that the two companies were under common control; that the stock was offered and sold in violation of the registration requirement of the Securities Act of 1933; and that Allstate Securities bid for and purchased Dwain Records stock during the period of the distribution in violation of Rule 10b(6) under the Securities Exchange Act.

The hearing in these proceedings is to be reconvened on March 15, 1961, in the Commission's New York Regional Office for the purpose of taking evidence on the question of revoking the broker-dealer registration of Allstate Securities.

TRADING BAN IN UNITED INDUSTRIAL STOCK CONTINUED. The SEC has issued an order temporarily suspending trading in the United Industrial Corporation common and preferred stocks and common stock purchase warrants, on the American, Detroit, New York and Pacific Coast Stock Exchanges and in the over-the-counter market, for a further ten-day period March 7 to 16, 1961, inclusive.

GEORGE JESSEL ENJOINED. The SEC San Francisco Regional Office announced March 1st (LR-1928) that George Jessel had been permanently enjoined, by consent, from further violations of the anti-fraud provisions of the Federal securities laws in the sale of securities of Beverly Hills Security Investments. Certain other defendants previously had consented to such an injunction.

SECURITIES ACT REGISTRATIONS. Effective March 6: Wyle Laboratories (File 2-17478); Schluderberg-Kurdie Co., Inc. (File 2-17519); Bell & Howell Company (File 2-17556); Laclede Gas Company (File 2-17565); Marquette Cement Manufacturing Company (File 2-17614).